



TCC REVIEW

ANNUAL MEETING | MAY 27, 2010



ECONOMIC REVIEW & OUTLOOK

NATIONAL ECONOMY -2009-

- Deepest Recession in 70 Years
- Signs of Stability and Improvement
- Real Estate Remains Weak
- Unemployment is High
- Inflation Remains Low

HOUSEHOLD VALUE & MORTGAGE DEBT AS A PERCENTAGE OF GDP



Source: www.calculatedriskblog.com

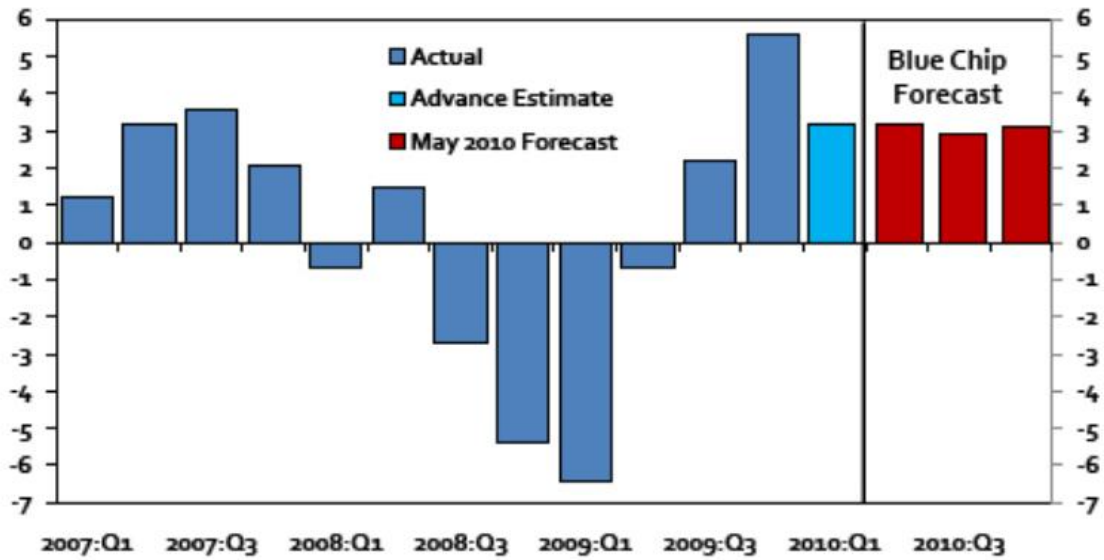
CHANGE IN RETAIL SALES



Source: Census Bureau

REAL GDP GROWTH

Annualized percent change from previous quarter



Federal Reserve Bank of Kansas City - Omaha Branch
Regional, Public and Community Affairs Division



Source: Bureau of Economic Analysis and Blue Chip Economic Indicators

CONSUMER PRICE INDEX

Average Annual Inflation
Expectations: Consumer Price Index



Federal Reserve Bank of Kansas City - Omaha Branch
Regional, Public and Community Affairs Division



Source: Survey of Professional Forecasters

CONCLUSIONS

- More positive signs are appearing in the economy
- But challenges exist (e.g., the US economy deleveraging, monetary and fiscal)
- How will exiting the accommodative monetary policy (U.S. and abroad) impact the recovery?

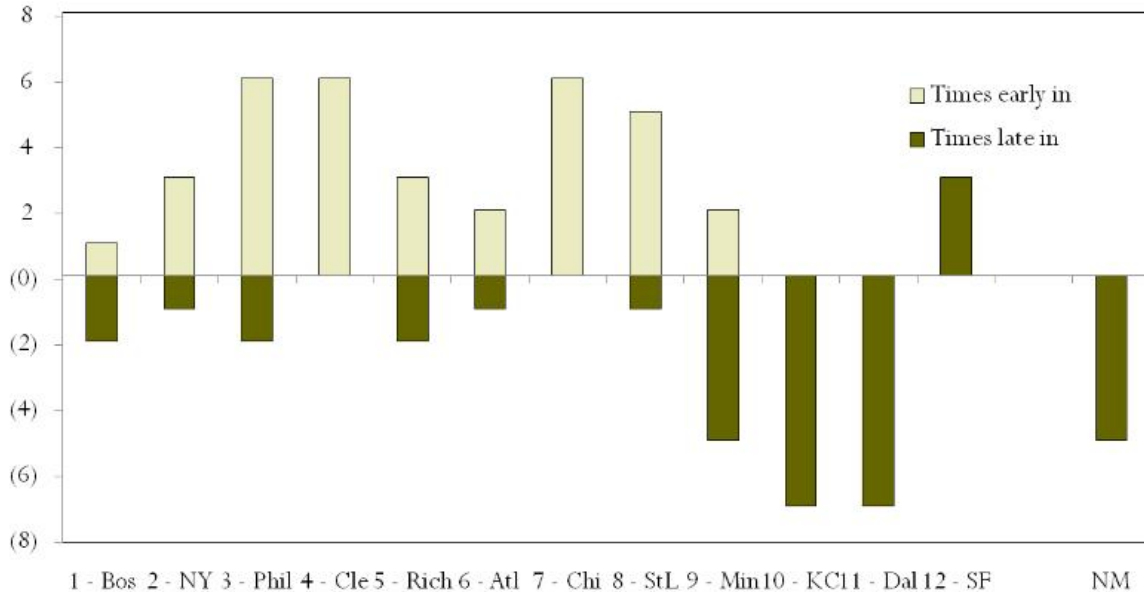


STATE ECONOMY

- Late entering the Recession
- Losses greatest in Manufacturing, Construction and Tourism
- Unemployment still high
- Real Estate improved in last Quarter

HISTORICAL TIMING OF ENTRY FROM RECESSION BY FED DISTRICT

For the eight U.S. recessions from 1957-2003

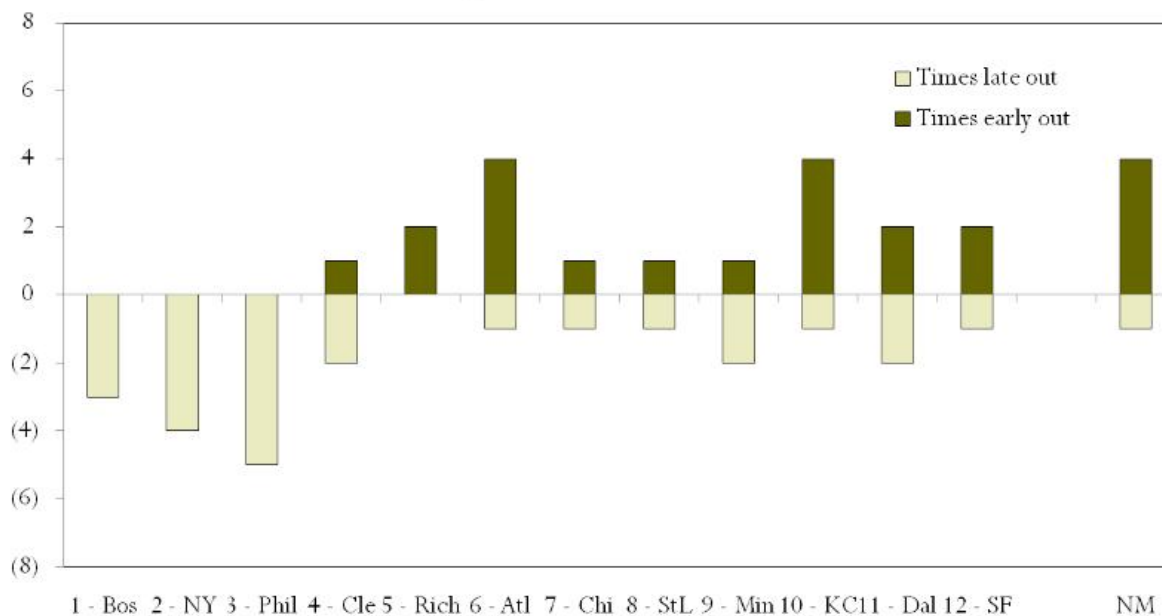


Source: Federal Reserve Bank of Kansas City

Source: U.S. Bureau of Labor Statistics

HISTORICAL TIMING OF EXIT FROM RECESSION BY FED DISTRICT

For the eight U.S. recessions from 1957-2003

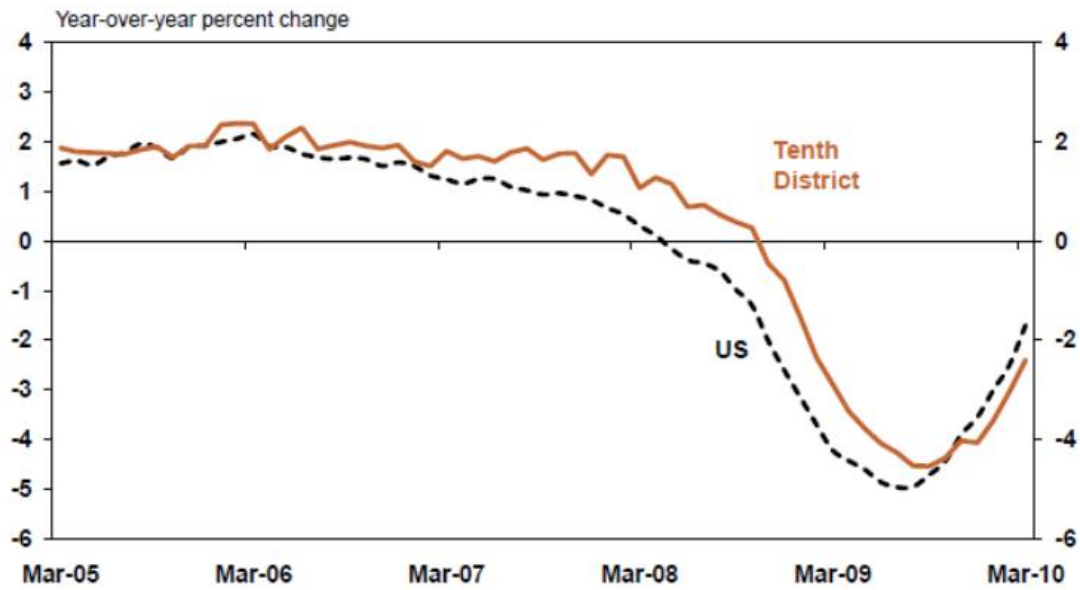


Source: Federal Reserve Bank of Kansas City

Source: U.S. Bureau of Labor Statistics

EMPLOYMENT DATA

Nonfarm Payroll Employment Growth

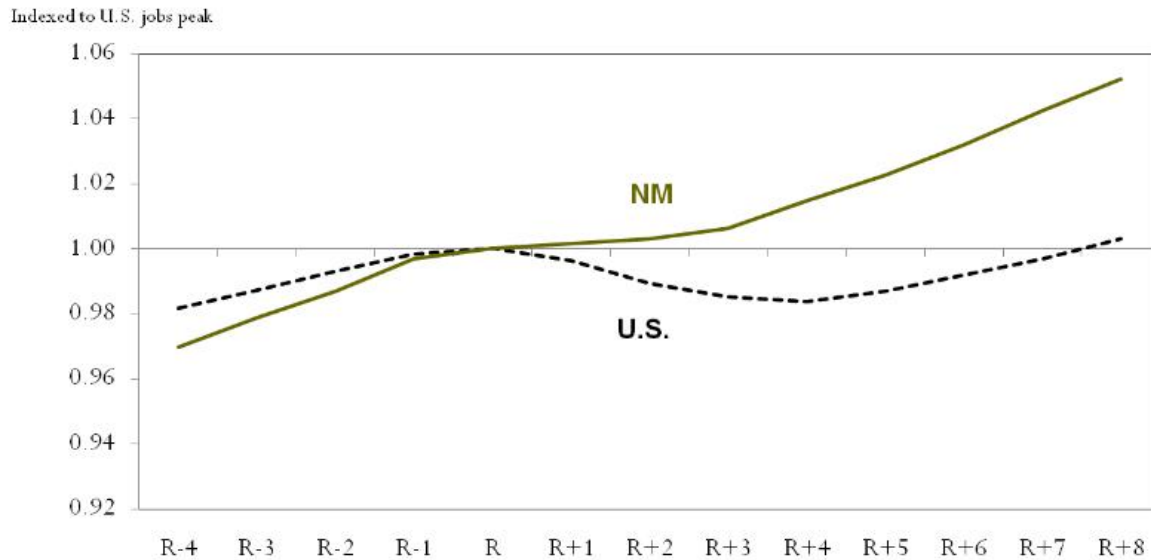


Source: Federal Reserve Bank of Kansas City

Source: U.S. Bureau of Labor Statistics

AVERAGE POST WAR RECESSION PATH

Average Recession Path, 1956-2006
Employment level 4 quarters before and 8 quarters after U.S. jobs peak

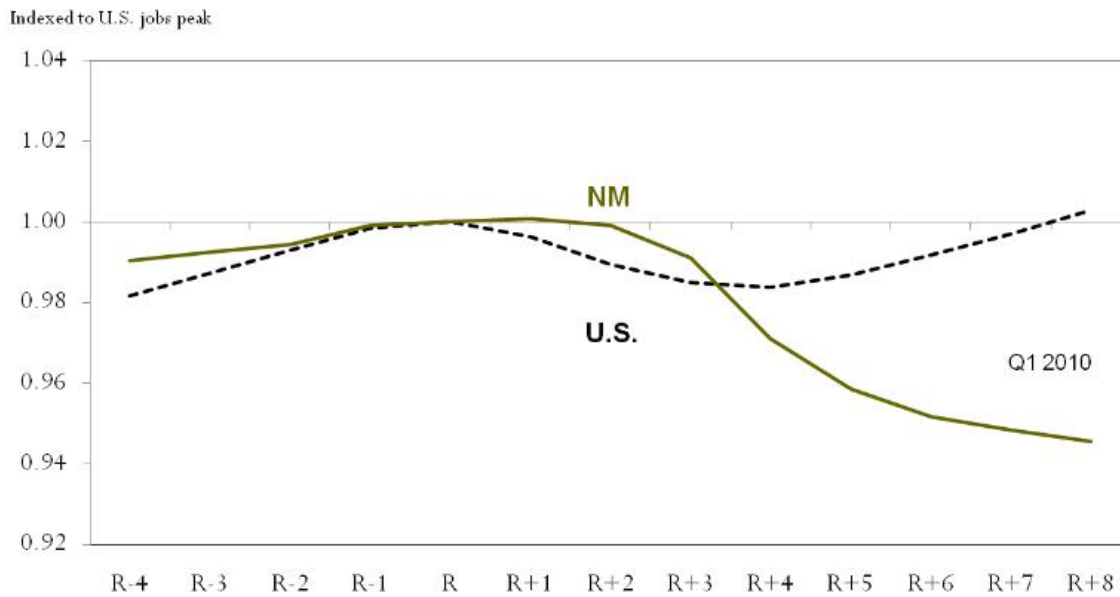


Source: Federal Reserve Bank of Kansas City

Source: U.S. Bureau of Labor Statistics

CURRENT RECESSION PATH

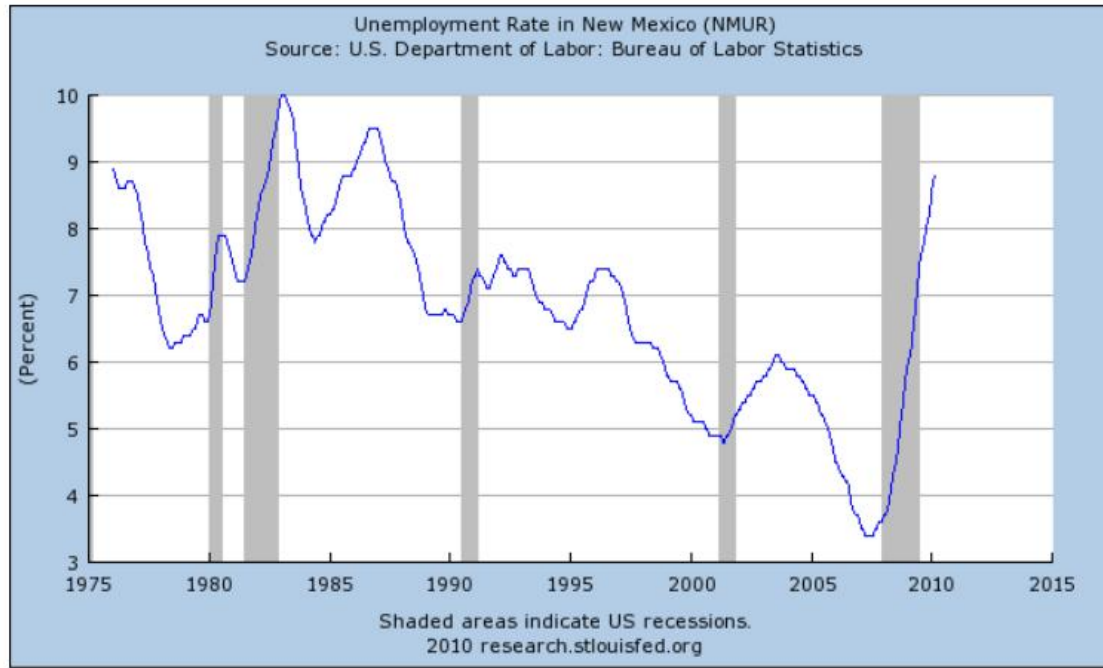
Employment level 4 quarters before and 8 quarters after U.S. jobs peak



Source: Federal Reserve Bank of Kansas City

Source: U.S. Bureau of Labor Statistics

NEW MEXICO UNEMPLOYMENT



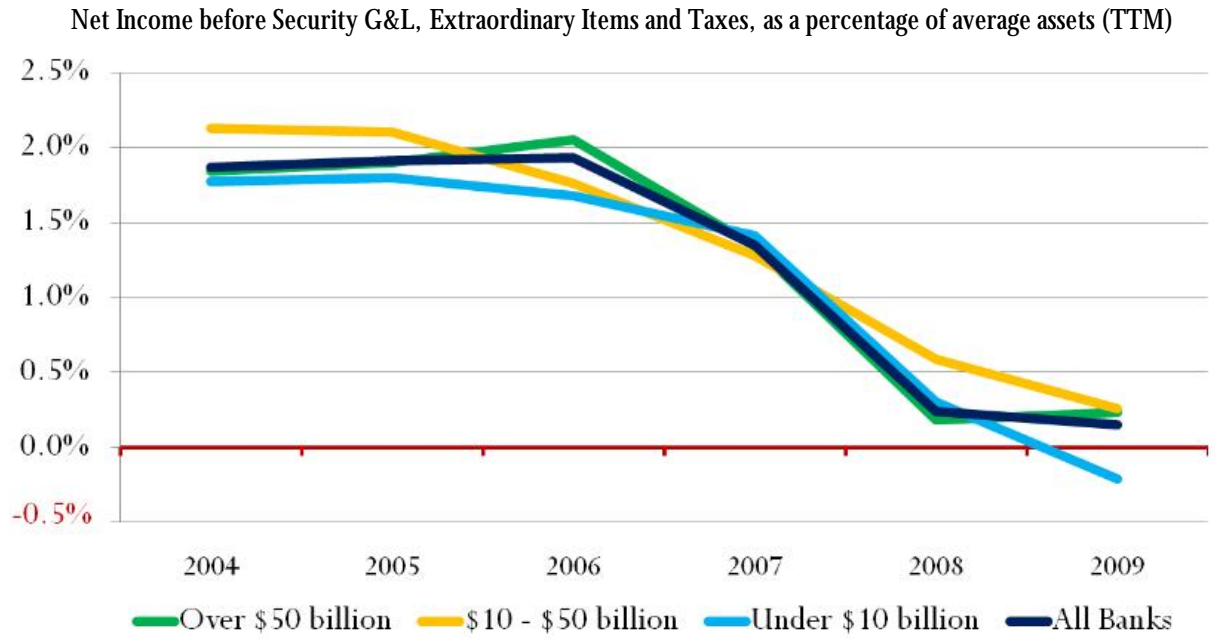
Source: St. Louis Federal Reserve

LOCAL ECONOMY

- **Los Alamos**
 - Healthy
- **Santa Fe**
 - Second home sales, State Government, Construction, Tourism all down
- **Albuquerque**
 - Recovering in Construction

NATIONWIDE, EARNINGS DECREASE

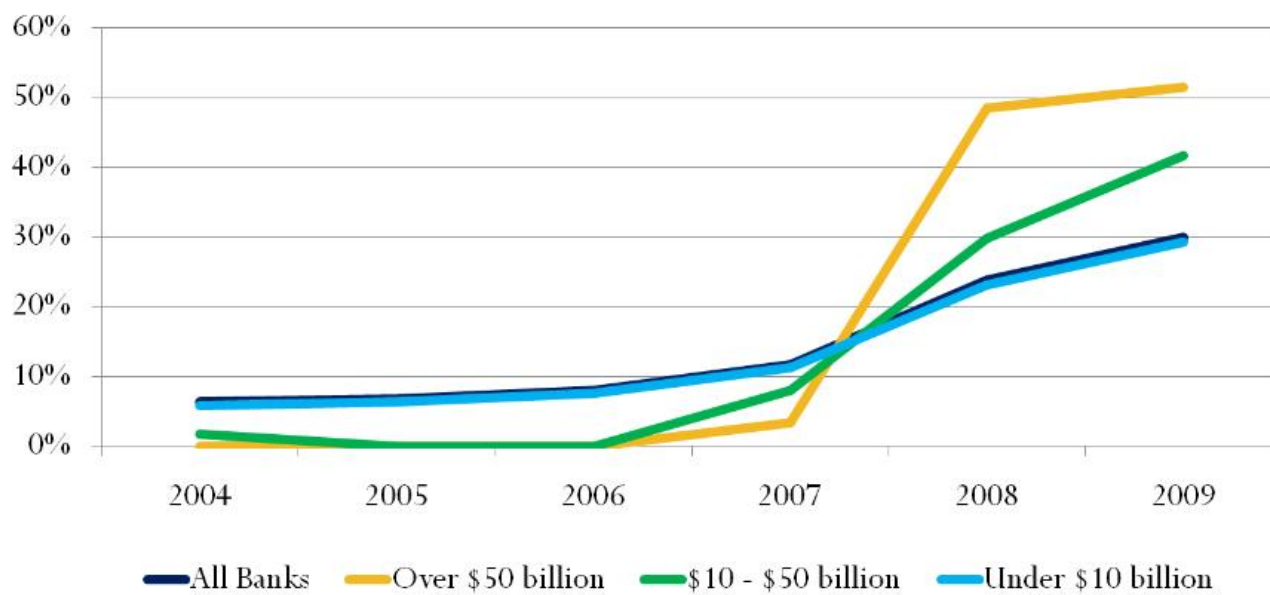
Return on Average Assets
(All US Commercial Banks)



Source: Federal Reserve Bank of Kansas City

PERCENT OF BANKS EXPERIENCING LOSSES

(All US Commercial Banks)

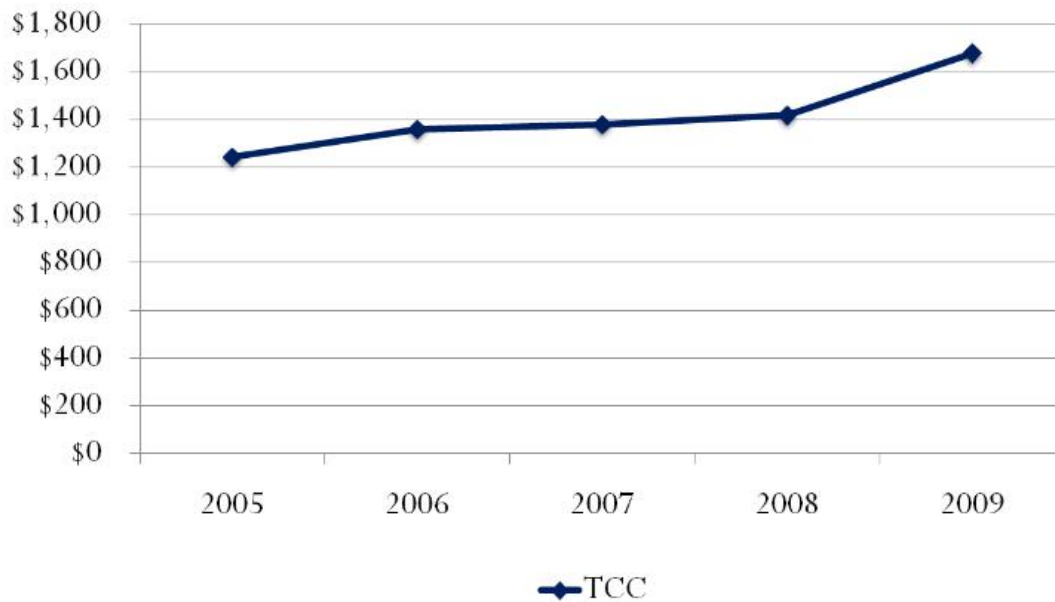




TCC RESULTS

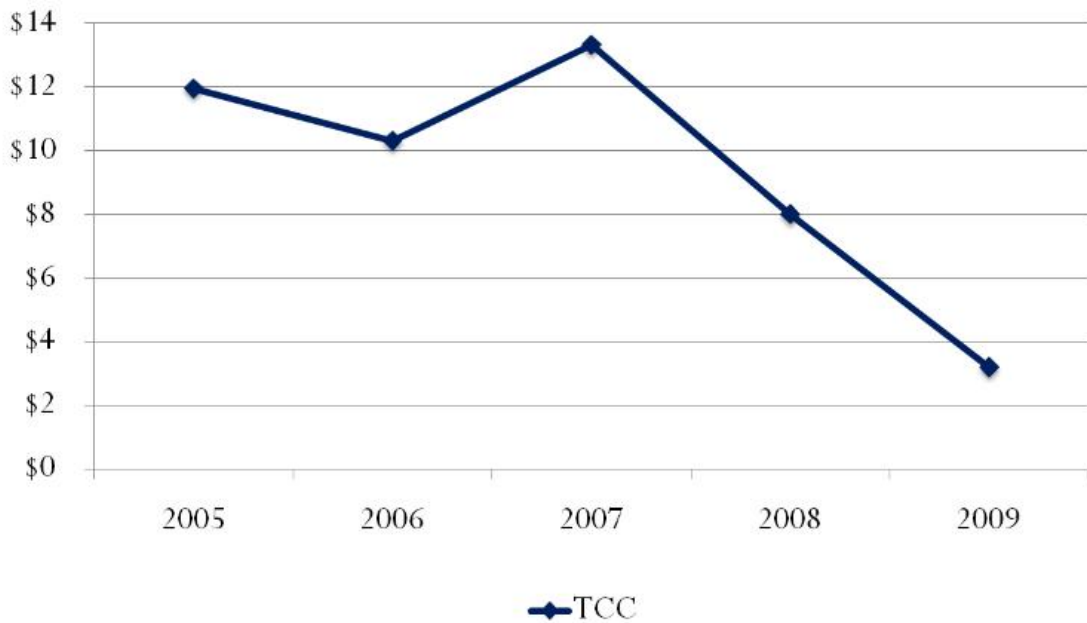
TCC TOTAL ASSETS

(In millions)



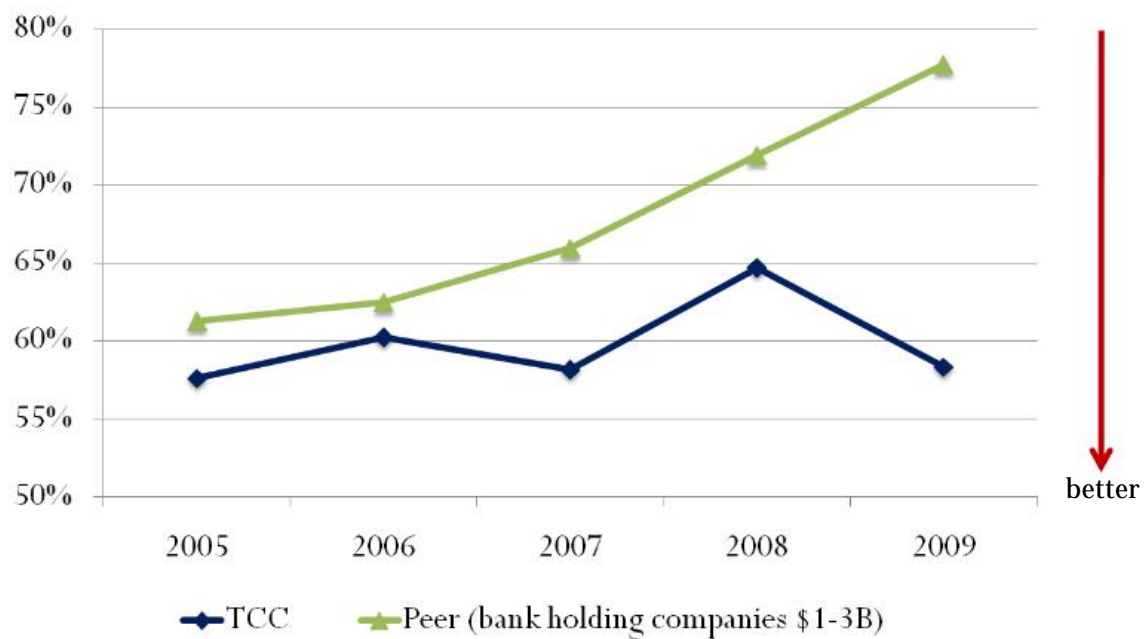
TCC NET INCOME

(In millions)

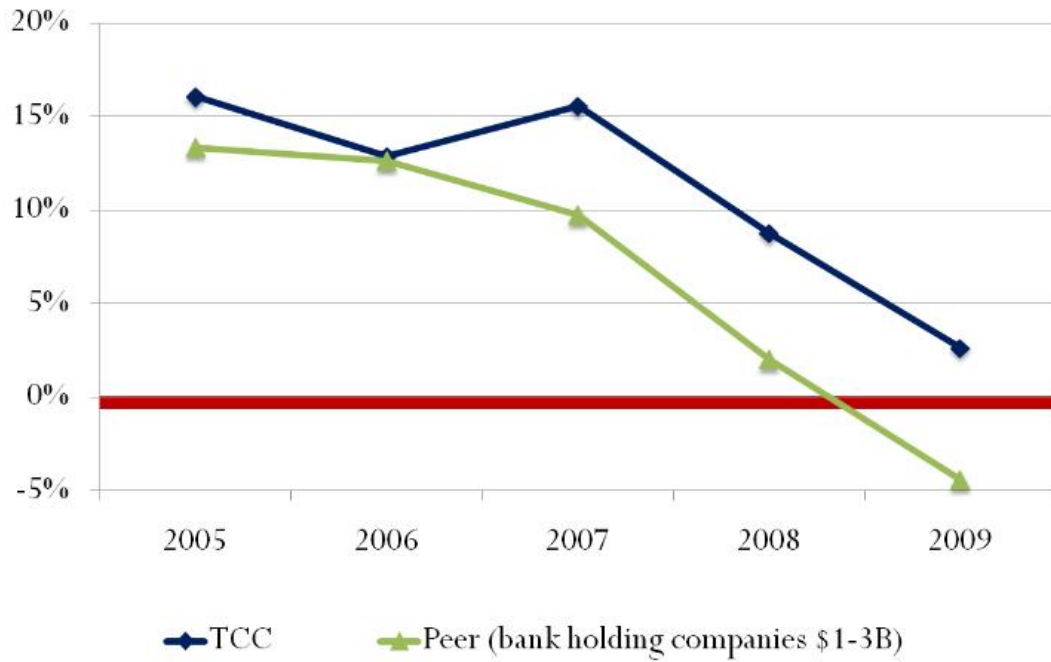


EFFICIENCY

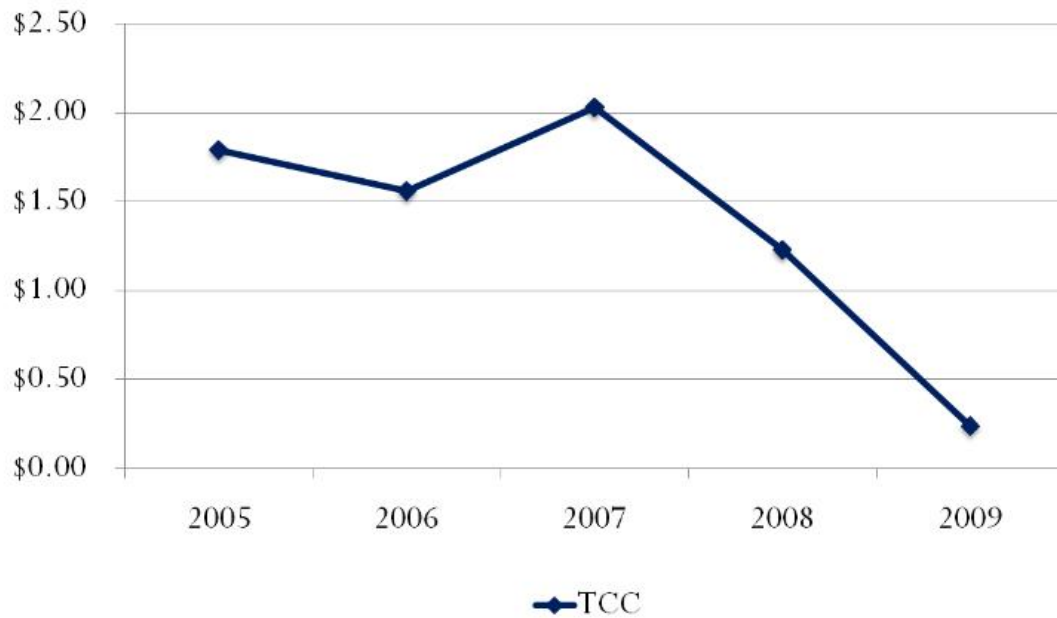
(Lower is better)



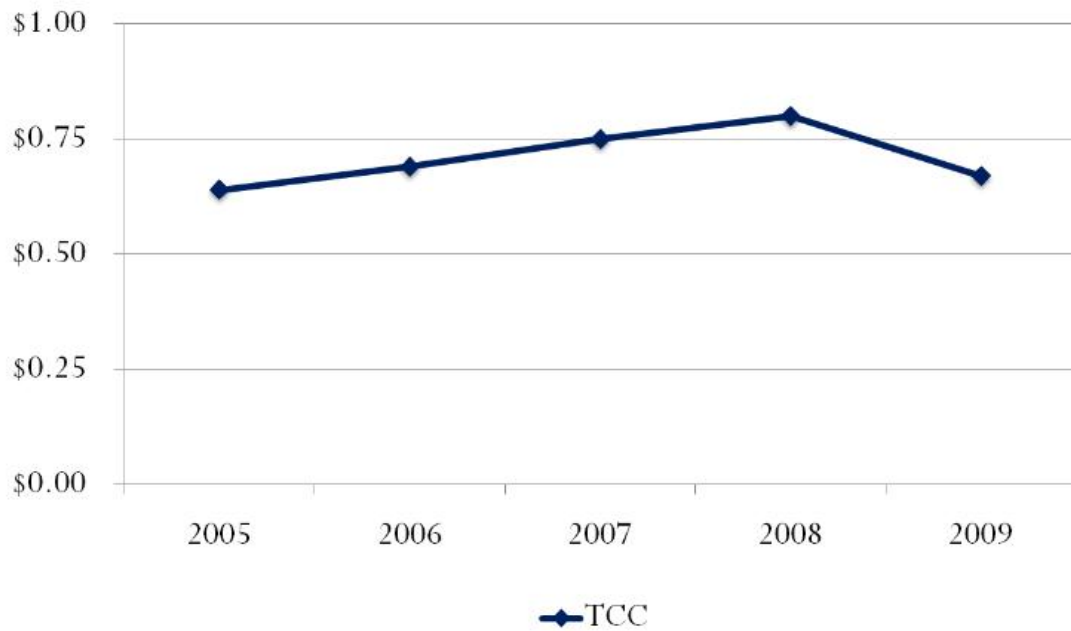
RETURN ON AVERAGE EQUITY



TCC EARNINGS PER SHARE

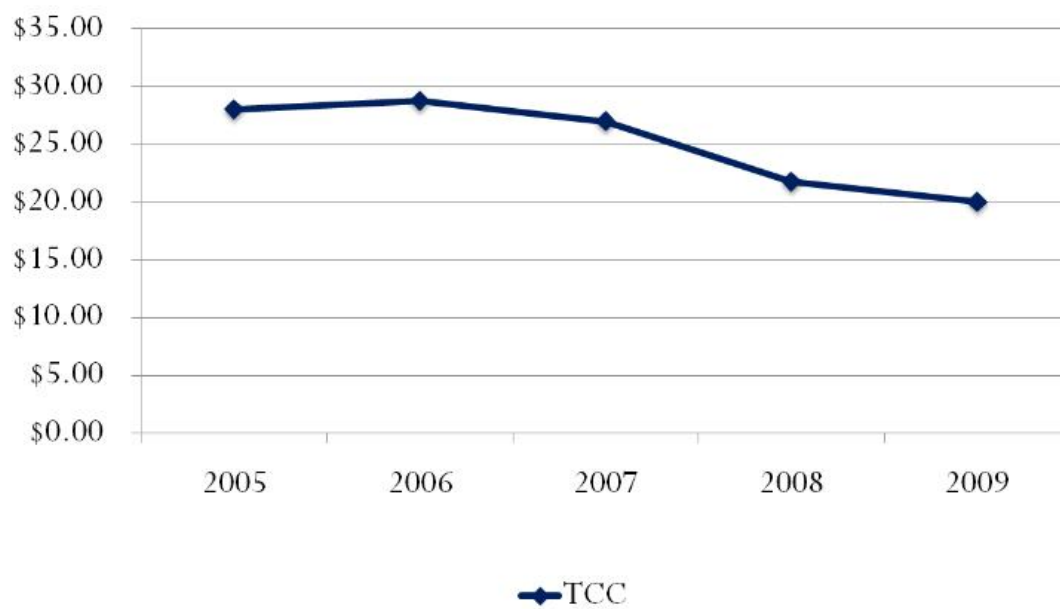


TCC COMMON DIVIDENDS DECLARED PER SHARE

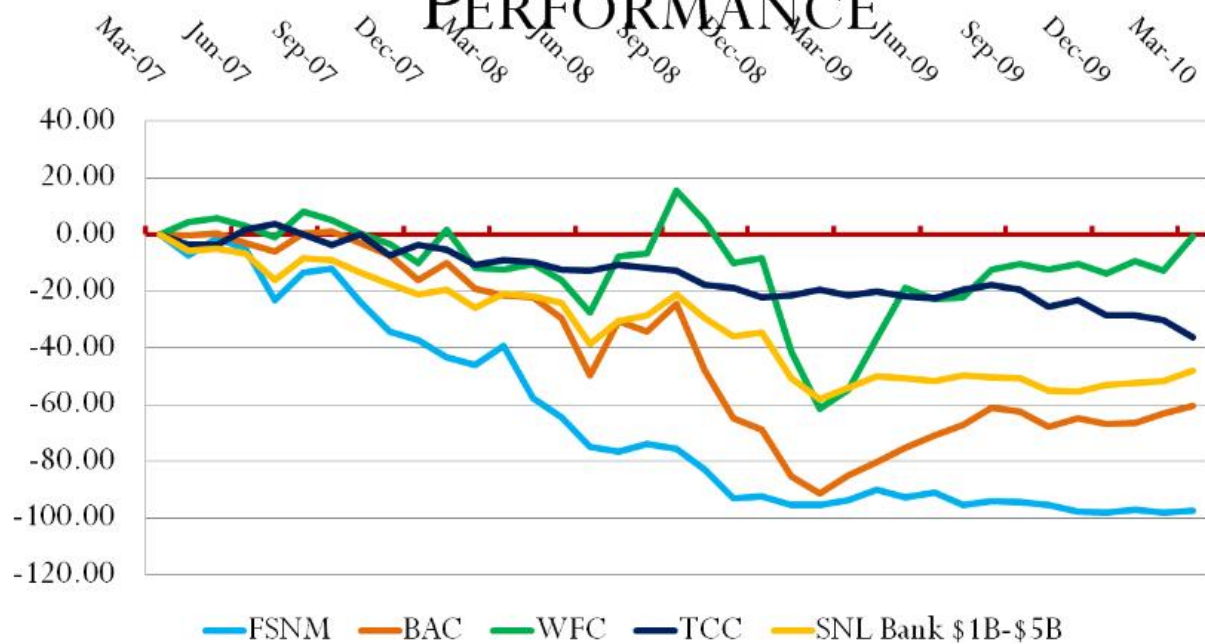


TCC SHARE PRICE

(As of December 31st each year)

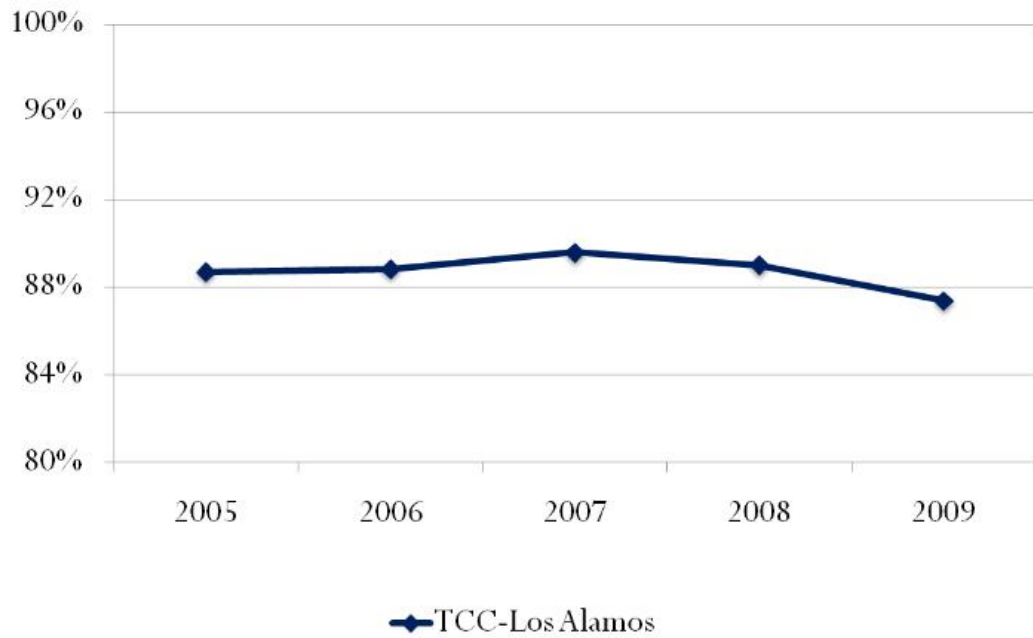


THREE YEAR STOCK PRICE PERFORMANCE



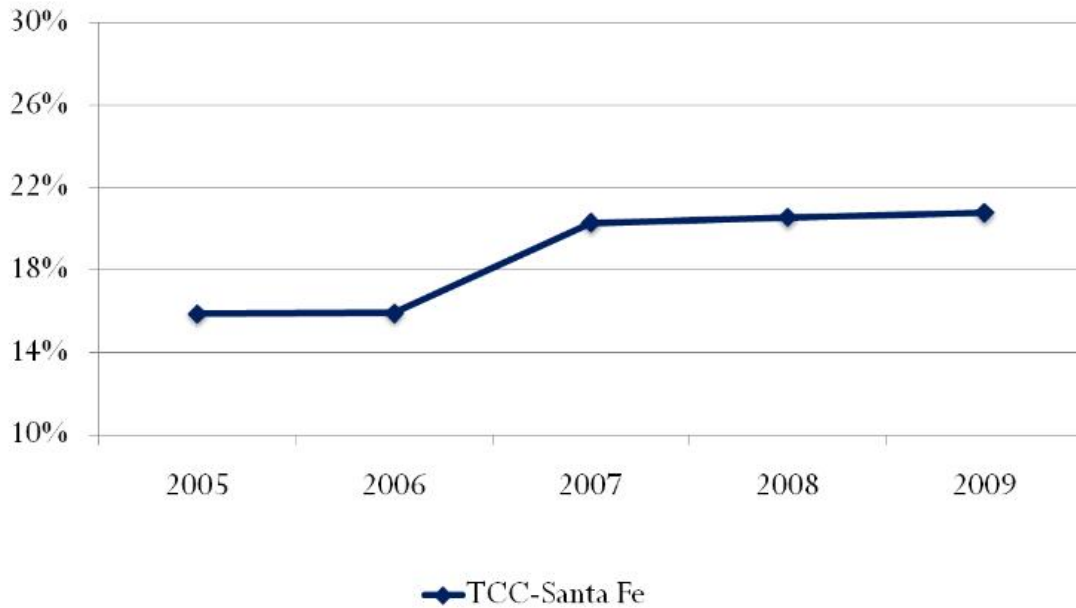
LOS ALAMOS DEPOSIT MARKET SHARE

Percent of all bank deposits in County; As of June 30 of Each Year

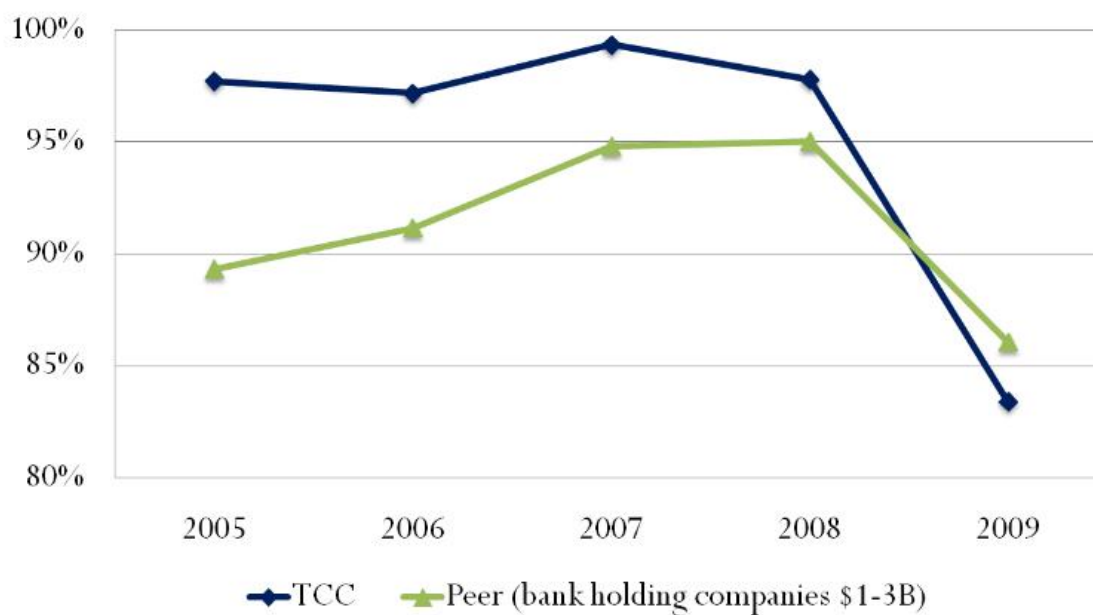


SANTA FE DEPOSIT MARKET SHARE

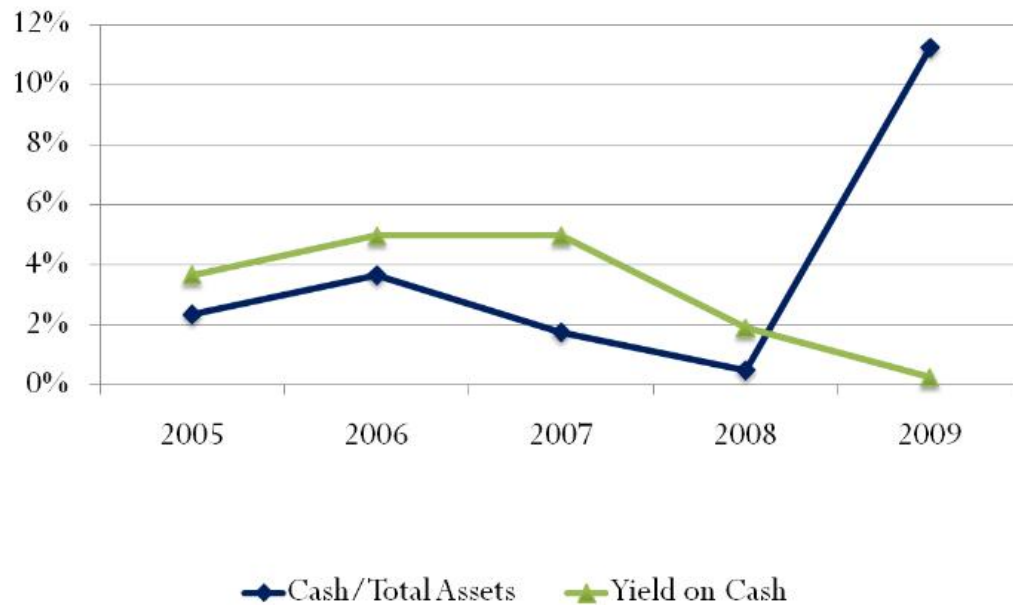
Percent of all bank deposits in County; As of June 30 of Each Year



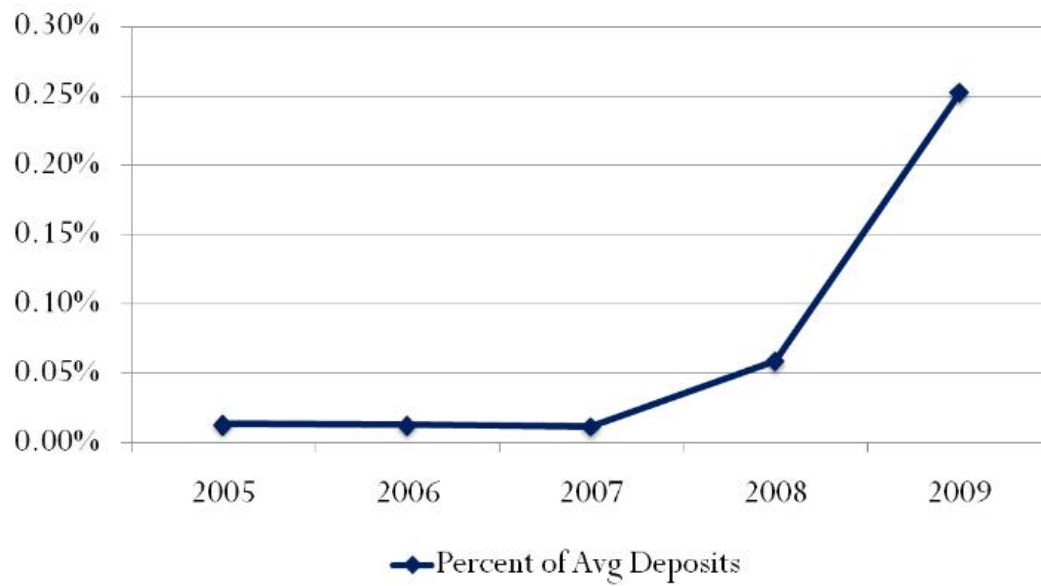
LOANS TO DEPOSITS



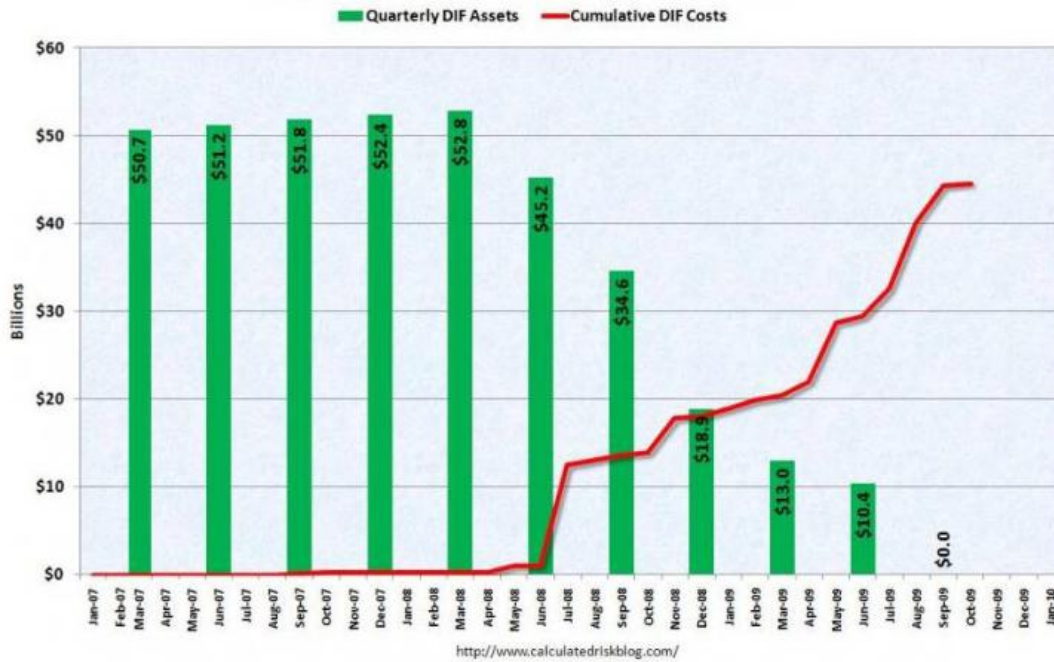
LIQUIDITY & DEPOSIT RATE SPREADS



FDIC EXPENSE



FDIC DEPOSIT INSURANCE FUND, ASSETS & ESTIMATED COSTS





ASSET QUALITY & CAPITAL

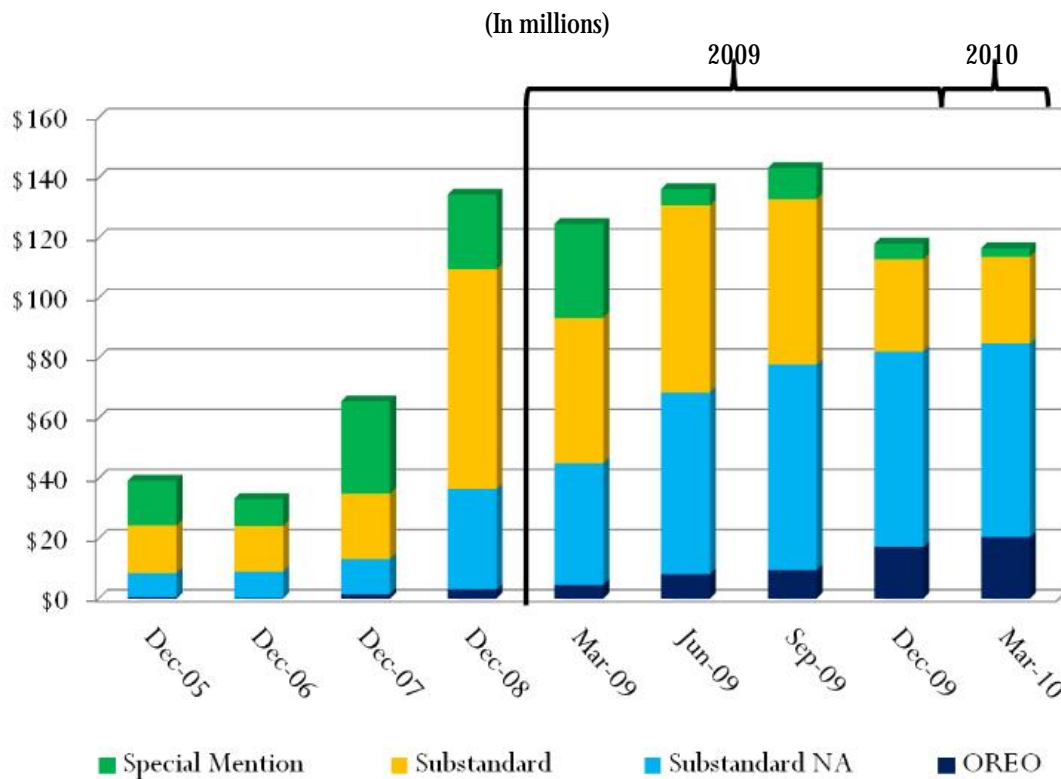
OCC Agreement

- Asset Quality
- Concentrations
 - Commercial Real Estate
 - Construction and Development Loans

NON-PERFORMING ASSETS MIGRATION

- Special Mention
- Substandard or Substandard Non-Accrual
- Default
 - Short Sale
 - Loan Modifications
 - Deed in Lieu
 - Foreclosure
- Loss
- Other Real Estate Owned (“OREO”)

NON-PERFORMING ASSETS MIGRATION



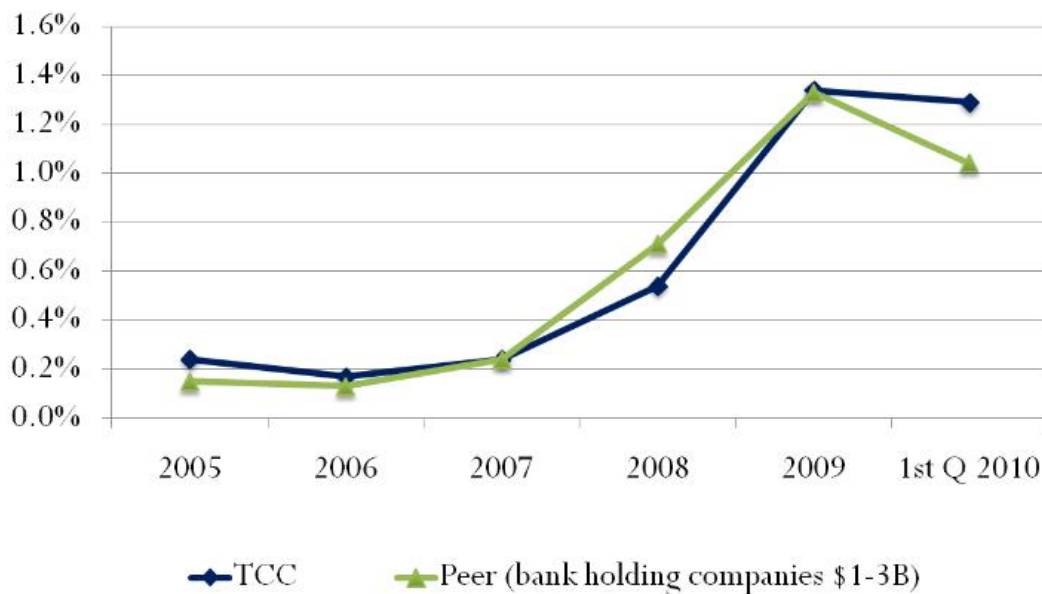
LOAN LOSS RESERVE

Reserve for Loan Losses to Total Loans



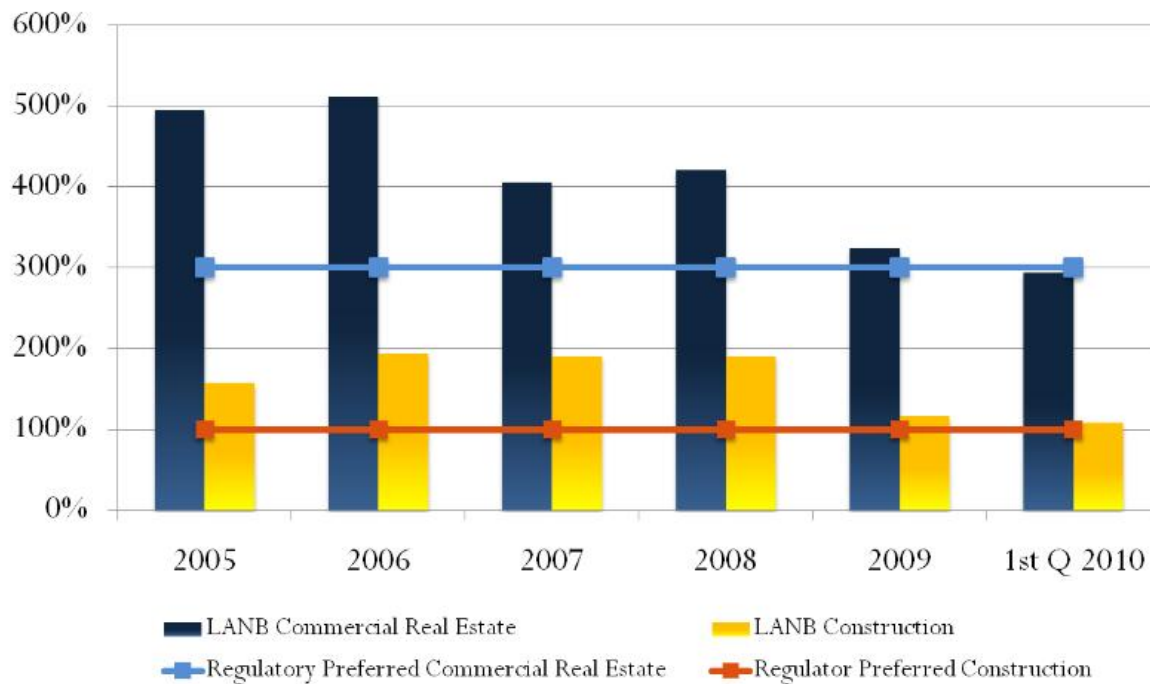
ACTUAL LOAN LOSSES

Net Charge-Offs to Average Loans
(1st Quarter 2010 Annualized)



LOAN CONCENTRATIONS

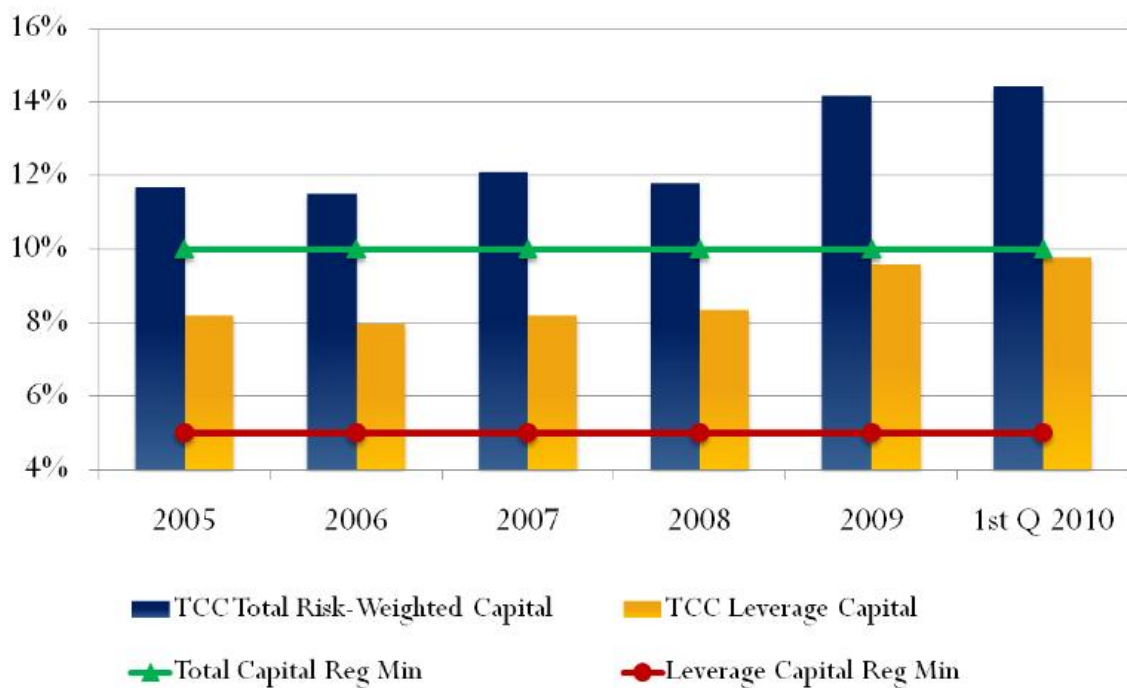
As a Percentage of Capital



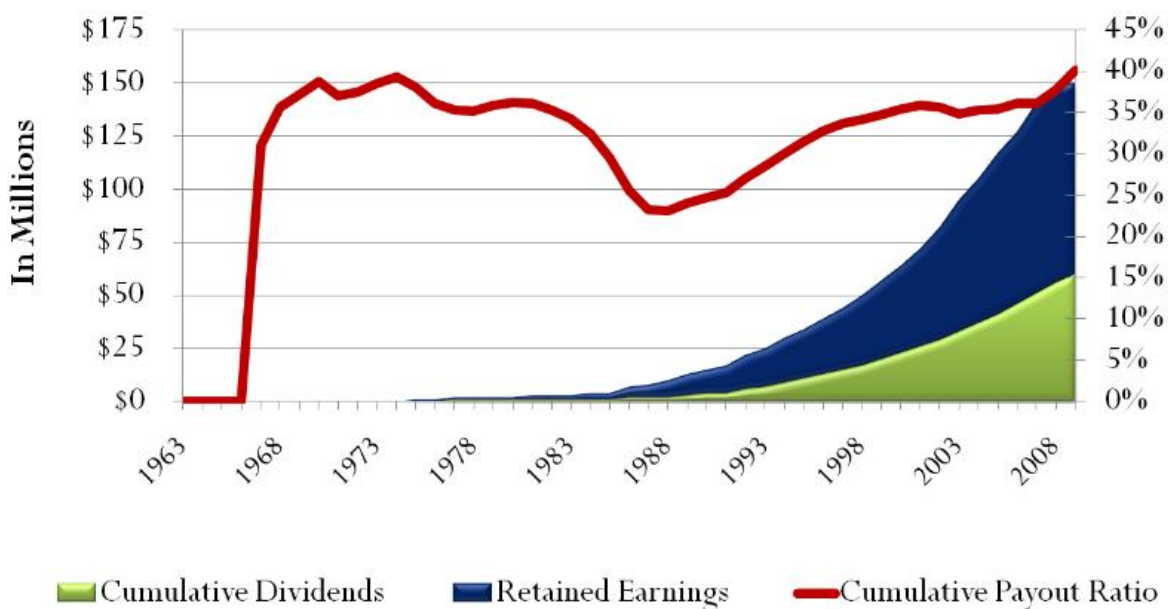
NEW MEXICO REAL ESTATE

- Rental vacancy
- Inventory
- Sales
- Foreclosures
- Appraisals

EQUITY CAPITAL CHARTS



TCC CUMULATIVE DIVIDENDS & EARNINGS



REGULATORY ENVIRONMENT

- Too Big to Fail
- Consumer Protection
- Capital Requirements
- FDIC
- Consolidation of Supervisory Agencies



STRATEGY

STRATEGY

- Improve Asset Quality
- Increase Capital
- Expand Market Share in Santa Fe
- Diversification of Loan Portfolio
- Improve Earnings



QUESTION & ANSWER
